

**SOUTHWEST DISTRICT LAW ENFORCEMENT
PLANNING COUNCIL, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 09 2011**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Southwest District Law Enforcement
Planning Council, Inc.
Lake Charles, Louisiana

We have audited the accompanying statements of financial position of Southwest District Law Enforcement Planning Council, Inc. (a non-profit organization) as of June 30, 2011 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Council's 2010 financial statements and in our report dated September 10, 2010 we expressed an unqualified opinion on those financial statements.

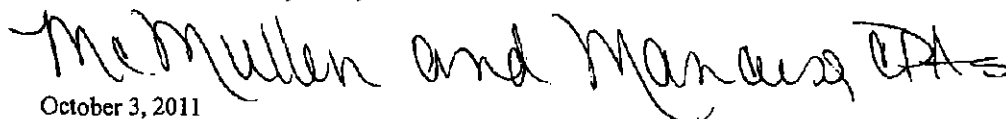
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest District Law Enforcement Planning Council, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2011, on our consideration of Southwest District Law Enforcement Planning Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

McMullen and Mancuso, CPAs, LLC

October 3, 2011



Members
American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

Southwest District Law Enforcement Planning Council, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2011

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 102,307	\$ 102,653
Investments	200,883	199,541
District dues receivable	104,938	104,938
Grants receivable	<u>1,231</u>	<u>14,386</u>
Total current assets	409,360	421,518
 PROPERTY AND EQUIPMENT (Note A-5)		
Furniture, fixtures and equipment	8,456	18,375
Building and improvements	<u>76,150</u>	<u>74,550</u>
	84,606	92,925
Less accumulated depreciation	<u>(39,551)</u>	<u>(48,109)</u>
	45,055	44,816
 OTHER ASSETS		
Deposits - utilities	<u>770</u>	<u>770</u>
 Total Assets	<u><u>\$ 455,185</u></u>	<u><u>\$ 467,104</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 661	\$ 469
Grants payable	<u>100</u>	<u>11,000</u>
 Total current liabilities	761	11,469
 NET ASSETS		
Unrestricted	<u>454,424</u>	<u>455,635</u>
 Total Liabilities and Net Assets	<u><u>\$ 455,185</u></u>	<u><u>\$ 467,104</u></u>

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

STATEMENTS OF ACTIVITIES

**Year ended June 30, 2011
with comparative totals for 2010**

	2011			2010
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL</u>
PUBLIC SUPPORT AND REVENUES				
Government grants	\$ -	\$ 55,083	\$ 55,083	\$ 66,984
District dues	104,938	-	104,938	104,938
Interest income	1,528	-	1,528	2,551
Net assets released from restrictions:	55,083	(55,083)	-	-
Total public support and revenues	<u>161,549</u>	<u>-</u>	<u>161,549</u>	<u>174,473</u>
EXPENSES				
Program service	59,076	-	59,076	63,915
Management and general	103,684	-	103,684	107,879
Total expenses	<u>162,760</u>	<u>-</u>	<u>162,760</u>	<u>171,794</u>
CHANGE IN NET ASSETS	(1,211)	-	(1,211)	2,679
NET ASSETS AT BEGINNING OF YEAR	<u>455,635</u>	<u>-</u>	<u>455,635</u>	<u>452,956</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 454,424</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 454,424</u></u>	<u><u>\$ 455,635</u></u>

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

**Year ended June 30, 2011
with comparative totals for 2010**

	Program Services	Supporting Services	Total Program and Supporting Service Expenses	
			2011	2010
Equipment repair	\$ -	\$ 568	\$ 568	\$ -
Insurance	-	6,566	6,566	5,855
Legal and professional	-	4,800	4,800	4,700
Occupancy	-	11,693	11,693	12,024
Other costs	-	1,432	1,432	881
Payroll taxes	415	4,980	5,395	5,731
Postage and supplies	749	1,567	2,316	1,833
Retirement	-	14,301	14,301	14,489
Salaries	16,812	53,452	70,264	74,754
Training	41,100	-	41,100	47,200
Travel	-	1,214	1,214	1,055
	<hr/>	<hr/>	<hr/>	<hr/>
Total before depreciation	59,076	100,573	159,649	168,522
Depreciation	-	3,111	3,111	3,272
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 59,076</u>	<u>\$ 103,684</u>	<u>\$ 162,760</u>	<u>\$ 171,794</u>

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

STATEMENTS OF CASH FLOWS

**Year ended June 30, 2011
with comparative totals for 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,211)	\$ 2,679
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,111	3,272
Net (increase) decrease in:		
District dues receivable	-	(4,938)
Grant receivable	13,155	1,203
Net increase (decrease) in:		
Accounts payable	192	153
Grants payable	<u>(10,900)</u>	<u>(2,500)</u>
Net cash provided (used) by operating activities	4,347	(131)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment & improvements	(3,351)	-
Dividend reinvestment	<u>(1,342)</u>	<u>(2,345)</u>
Net cash (used) by investing activities	<u>(4,693)</u>	<u>(2,345)</u>
Net decrease in cash and cash equivalents	(346)	(2,476)
Cash and cash equivalents, beginning of year	<u>102,653</u>	<u>105,129</u>
Cash and cash equivalents, end of year	<u><u>\$ 102,307</u></u>	<u><u>\$ 102,653</u></u>

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE A –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Purpose

The Southwest District Law Enforcement Planning Council, Inc.(the Council) is a non-profit corporation formed under the laws of the State of Louisiana for the purpose of providing local planning activities to the various law enforcement agencies within Calcasieu, Beauregard, Allen, Cameron, and Jefferson Davis Parishes. The Council identifies the problems and needs of these numerous agencies and develops a long-range master plan to implement improvements through the use of resources available under the provisions of The Omnibus Crime Control, Safe Streets Act of 1968 and Violence Against Women's Act. In addition, the Council administers grants for these subrecipients that provide for law enforcement assistance programs such as basic training received at local training academies.

2. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

3. Financial Statement Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, Southwest District Law Enforcement Planning Council, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represent resources restricted by donor's as to purpose or by the passage of time; and permanently restricted net assets, which represent resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Council. The Council did not have any permanently restricted net assets this year.

4. Revenue Recognition

Membership Dues

Membership dues are determined at the completion of the fiscal year and are based on actual expenses incurred that were not reimbursed by the grants received from the Louisiana Commission on Law Enforcement. Membership dues are recognized as revenues on a pro rata basis over the period to which the membership relates. These dues are assessed in arrears and are shown as receivable at June 30, 2011.

Government Grants

The Council receives its grant support from the Louisiana Commission on Law Enforcement. All of the Council's grants are cost reimbursement type grants, which mean that the Council does not recognize revenue from them until it has incurred allowable expenses under the terms of the grants. Further, each grant has restrictions on how the Council may use its funds, thereby creating a temporarily restricted net asset until the restrictions are satisfied. When the restrictions are

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Revenue Recognition (Continued)

satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

5. Property and Equipment

Equipment is stated at cost at the date of the acquisition and any donated fixed assets are recorded as support at their estimated fair value at the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$3,111 for the year ended June 30, 2011. The useful lives of equipment for purposes of computing depreciation are:

Furniture, fixtures, and equipment	5 – 10 Years
Buildings	39 Years
Improvements	15 Years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. The Council follows the practice of capitalizing all expenditures for all property and equipment in excess of \$100.

6. Income Tax Status

The Council qualifies as a tax-exempt organization under Section 501 (c) (4) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

7. Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2010, from which the statements for the summarized information were derived.

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Southwest District Law Enforcement Planning Council, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Donated investments are reflected as contributions at their market values at date of receipt. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

10. Concentration of Revenue and Support

The Council receives \$104,938 (65%) of its revenue through district dues assessed to the law enforcement agencies which the Council serves. If the Council no longer received these dues, or there were significant reductions in the amounts received from the law enforcement agencies, the operations of the Council could be adversely impacted.

NOTE B – ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Council uses the allowance method to provide for uncollectible dues receivable. However, for the year ended June 30, 2011, there were no amounts that were deemed uncollectible by management.

NOTE C – GRANTS FROM GOVERNMENT AGENCIES

A summary of grants from governmental agencies during the year ended June 30, 2011 is as follows:

Federal Funds:

Juvenile Administration Funds	10/01/09 - 9/30/10	857
Juvenile Administration Funds	10/01/10 - 9/30/11	757
CVA Administration Funds	03/01/10 - 02/28/11	4,083
CVA Administration Funds	03/01/11 - 02/28/12	<u>2,336</u>
		8,033

State Reimbursed Funds:

Basic Training	07/01/10 - 06/30/11	34,500
Corrections Training	07/01/10 - 06/30/11	6,300
Governor's Office Homeland		
Security and Emergency Preparedness	07/01/10-04/30/11	6,250
	05/01/11-06/30/12	<u>47,050</u>

Total		<u><u>\$ 55,083</u></u>
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Southwest District Law Enforcement Planning Council, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE D – CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Council considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE E – INVESTMENTS

The Council's investments at June 30, 2011 consisted of the following:

	<u>FMV</u>
Certificate of Deposit – Iberia Bank	\$ 75,855
Certificate of Deposit - Jeff Davis Bank	73,516
Certificate of Deposit - First Federal Savings and Loan	<u>51,512</u>
	\$ 200,883

NOTE F – COMPENSATED ABSENCES

Employees of the Council are entitled to paid vacation, paid sick days, and personal days off depending on job classification, length of service and other factors. In addition, members of management have contracts or agreements with the Council that provide for compensated absences. The value of these compensated absences was not recorded due to their immateriality. The Council's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE G - RETIREMENT PLAN

The Southwest District Law Enforcement Planning Council, Inc. maintains a simplified employee pension plan (SEP) that covers all full-time personnel who have completed three years of continuous service. Contributions to the plan were based on twenty-five percent of gross wages. The total contributions amounted to \$14,301 for the year ended June 30, 2011.

NOTE H – FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Council's estimates of the relative proportion of various staff member's time and effort between program and support services as well as the Council's estimates of the amount of each expense utilized for program or support service functions.

NOTE I – SUBSEQUENT EVENT

Subsequent events were evaluated through October 3, 2011, which is the date the financial statements were available to be issued.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Southwest District Law Enforcement Planning Council, Inc.
Sulphur, Louisiana

We have audited the financial statements of Southwest District Law Enforcement Planning Council, Inc. (a nonprofit corporation) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest District Law Enforcement Planning Council, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest District Law Enforcement Planning Council, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses. [2011-1 & 2011-2].

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings to be significant deficiencies. [2011-1 & 2011-2].

Members

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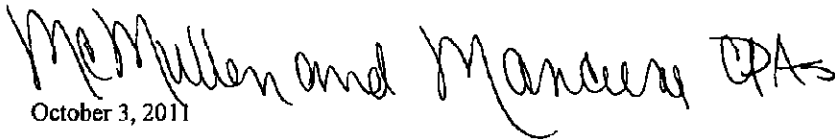
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest District Law Enforcement Planning Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Southwest District Law Enforcement Planning Council, Inc.'s response to the findings identified in our audit is described in the accompanying management corrective action plan. We did not audit Southwest District Law Enforcement Planning Council, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

McMullen and Mancuso, CPAs, LLC


October 3, 2011

Southwest District Law Enforcement Planning Council, Inc.

SCHEDULE OF FINDINGS

Year Ended June 30, 2011

We have audited the financial statements of Southwest District Law Enforcement Planning Council, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated October 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2011 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Other Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Section II Financial Statement Findings

- 2011-1** The Organization has only one employee who is responsible for all accounting and reporting functions. The size of the Organization's accounting staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the Organization to provide oversight and independent review functions.
- 2011-2** The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the Organization's financial transactions or preparing its financial statements, including related notes.

Southwest District Law Enforcement Planning Council, Inc.

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2011

2010-1 The Organization has only one employee who is responsible for all accounting and reporting functions. Therefore, it is not possible to have segregation of duties consistent with appropriate internal control objectives over all phases of accounting.	Unresolved. See current year finding 2011-1.
2010-2 The Organization does not have a staff person who has qualifications/training to apply GAAP in recording transactions or preparing financial statements.	Unresolved. See current year finding 2011-2.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

Southwest District Law Enforcement Planning Council, Inc.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended June 30, 2011

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2011-1 The Organization has only one employee who is responsible for all accounting and reporting functions. Therefore, it is not possible to have segregation of duties consistent with appropriate internal control objectives over all phases of accounting.	Management is aware of the internal control problem and the Board takes an active oversight of financial matters to mitigate the control weaknesses. However, due to the small size of the Organization it is not possible to have appropriate segregation of duties.
2011-2 The Organization does not have a staff person who has qualifications/training to apply GAAP in recording transactions or preparing financial statements.	The Organization has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined it is best to continue to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT